

Financial Statements

Northport Village Corporation

December 31, 2023

Contents

Northport Village Corporation

December 31, 2023

Financial Statements:

Independent Auditors' Report	1
Management's Discussion and Analysis	4-1
Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet - Governmental Funds	7
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental funds	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund (Budgetary Basis)	11
Proprietary Funds:	
Statement of Net Position - Proprietary Funds - Business-type Activities - Enterprise Funds	12
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds - Business-type Activities - Enterprise Funds	13
Statement of Cash Flows - Proprietary Funds - Business-type Activities - Enterprise Funds	14
Notes to Financial Statements	15

Supplemental Information:

Schedule of Departmental Expenditures	29
Schedule of Valuation, Assessment and Collection of Taxes	31

Additional Report:

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	32
---	----



Independent Auditors' Report

**Board of Overseers
Northport Village Corporation
Northport, Maine**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Northport Village Corporation as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Northport Village Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information, of the Northport Village Corporation, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Northport Village Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northport Village Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Northport Village Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northport Village Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 4-1 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northport Village Corporation's basic financial statements. The accompanying schedule of departmental expenditures and the schedule of valuation, assessment and collection of taxes are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of departmental expenditures and the schedule of valuation, assessment and collection of taxes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2025, on our consideration of the Northport Village Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northport Village Corporation's internal control over financial reporting and compliance.

Purdy Powers & Company

Professional Association

Portland, Maine
February 26, 2025

Management's Discussion and Analysis

Northport Village Corporation

As management of the Northport Village Corporation, we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended December 31, 2023. The Corporation's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

The Corporation's assets exceed liabilities by \$5,452,948 as of December 31, 2023, compared to \$5,325,710 as of December 31, 2022.

The Corporation's governmental funds General Fund Balance was \$302,796 as of December 31, 2023, compared to \$278,296 as of December 31, 2022.

Overview of the Financial Statements

The Management's Discussion and Analysis introduces the Corporation's basic financial statements. The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Corporation also includes in this report supplemental information to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements provide information about the activities of the Corporation as a whole and present both a long-term and short-term view of the Corporation's finances. Financial reporting at this level is similar to the accounting used by most private-sector companies.

The Statement of Net Position includes all assets and liabilities, with the difference reported as net position. Over time, increases or decreases in the Corporation's net position are one indicator of whether its financial health is improving or deteriorating. Evaluation of the overall economic health requires other non-financial factors, such as changes in the Corporation's property tax base and the condition of the Corporation's roads, as well as many others.

The Statement of Activities reports the current year change in net position. This statement includes all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities are divided into two kinds of activities:

- **Governmental activities:** Most of the Corporation's basic services are reported here, including the general administration, protection and safety, roads and storm drains, and community service. Property taxes finance most of these activities, along with an allocation from the Town of Northport and other miscellaneous revenue.

Management’s Discussion and Analysis

Northport Village Corporation

- Business-type activities: the Corporation charges a fee to customers to help it cover all or most of the cost of water and wastewater services it provides.

Fund Financial Statements

For governmental activities, these statements focus on how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Corporation's operations in more detail than the government-wide statements by providing information about the Corporation's most significant funds.

Financial Analysis of the Corporation as a Whole - Government-wide Financial Statements

The following schedule is a summary of net position for the years ended December 31, 2023 and 2022:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>
Current and other assets	\$ 374,928	\$ 350,641	\$ 24,287	\$ 310,538	\$ 234,624	\$ 75,914
Capital assets	<u>3,496,612</u>	<u>3,564,137</u>	<u>(67,525)</u>	<u>3,526,730</u>	<u>3,586,737</u>	<u>(60,007)</u>
Total Assets	3,871,540	3,914,778	(43,238)	3,837,268	3,821,361	15,907
						-
Long-term liabilities	1,642,590	1,746,750	(104,160)	539,601	582,919	(43,318)
Other liabilities	<u>56,432</u>	<u>65,045</u>	<u>(8,613)</u>	<u>17,237</u>	<u>15,715</u>	<u>1,522</u>
Total Liabilities	1,699,022	1,811,795	(112,773)	556,838	598,634	(41,796)
Net Position:						
Net investment in capital assets	1,854,022	1,817,387	36,635	2,987,129	3,003,818	(16,689)
Restricted, expendable	-	-	-	43,673	36,473	7,200
Unrestricted	<u>318,496</u>	<u>285,596</u>	<u>32,900</u>	<u>249,628</u>	<u>182,436</u>	<u>67,192</u>
	<u>\$ 2,172,518</u>	<u>\$ 2,102,983</u>	<u>\$ 69,535</u>	<u>\$ 3,280,430</u>	<u>\$ 3,222,727</u>	<u>\$ 57,703</u>

In 2023, \$25,000 was used from reserves toward a portion of the 2021B MMBB Bond interest payment.

Management's Discussion and Analysis

Northport Village Corporation

The following schedule is a summary of the statement of activities for the years ended December 31, 2023 and 2022:

	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ 448,558	\$ 362,815	\$ 85,743
Operating grants and contributions	-	-	-	19,404	11,044	8,360
General Revenues:						
Property taxes	439,366	307,284	132,082	-	-	-
Intergovernmental	-	3,128	(3,128)	-	-	-
Town appropriation	25,000	-	25,000	-	-	-
Other	10,015	44,131	(34,116)	1,614	224	1,390
Total Revenues	<u>474,381</u>	<u>354,543</u>	<u>119,838</u>	<u>469,576</u>	<u>374,083</u>	<u>95,493</u>
Expenses:						
General:						
General government	235,901	205,709	30,192	-	-	-
Protection and safety	25,292	26,118	(826)	-	-	-
Roads and storm drains	35,650	6,789	28,861	-	-	-
Community	58,763	52,993	5,770	-	-	-
Miscellaneous	5,212	829	4,383	-	-	-
Interest on long-term debt	44,028	45,541	(1,513)	-	-	-
Water services	-	-	-	203,784	168,686	35,098
Wastewater services	-	-	-	208,089	196,869	11,220
Total Expenses	<u>404,846</u>	<u>337,979</u>	<u>66,867</u>	<u>411,873</u>	<u>365,555</u>	<u>46,318</u>
Change in Net Position	<u>\$ 69,535</u>	<u>\$ 16,564</u>	<u>\$ 52,971</u>	<u>\$ 57,703</u>	<u>\$ 8,528</u>	<u>\$ 49,175</u>

2023 tax revenue reflects an overcollection of \$32,700 due to an error in the President's Certificate provided to the Town of Northport.

Management's Discussion and Analysis

Northport Village Corporation

Financial Analysis of the Corporation's Funds - Fund Financial Statements

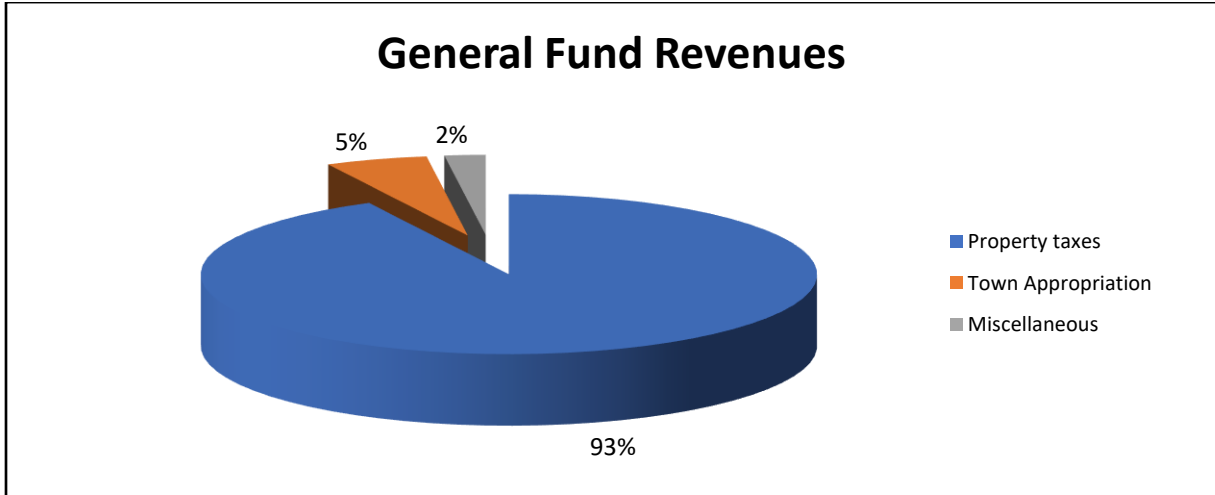
Our analysis of the Corporation's major funds begins with the fund financial statements and provides detailed information about the most significant funds-not the Corporation as a whole. Some funds are required to be established by State law. However, many other funds are established to help control and manage money for particular purposes or to show the Corporation is meeting legal responsibilities for using certain taxes, grants, and other money. The Corporation reports governmental funds and two proprietary funds.

- Governmental funds - Most of the Corporation's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Corporation's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Corporation's programs. We describe the relationship, or differences, between governmental activities, reported in the Statement of Net Position and the Statement of Activities, and governmental funds in reconciliation at the bottom of the fund financial statements.
- Proprietary funds -The Corporation maintains one type of proprietary fund, an Enterprise fund. Enterprise funds-are required to be used to account for operations for which a fee is charged to external users for goods or services. Enterprise funds are reported using the accrual basis of accounting. The Corporation uses Enterprise funds to account for its water and wastewater operations.

Management's Discussion and Analysis

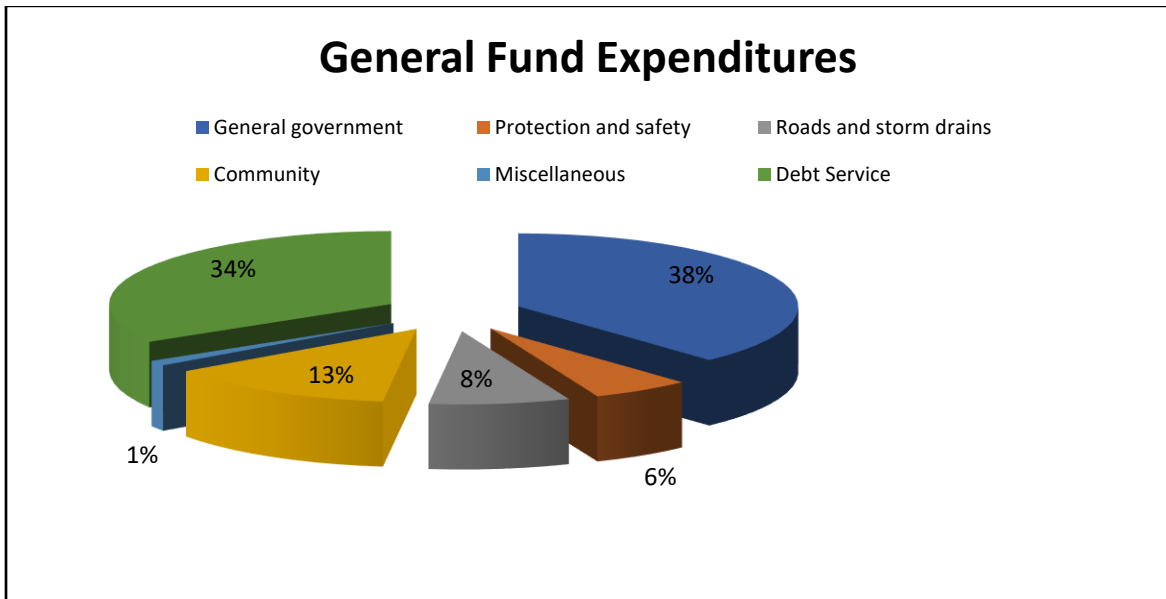
Northport Village Corporation

Current year revenues in the general fund were made up of the following:



In 2023 the Town Appropriation was reinstated and tied to specific expenses including \$6,000 for roads, \$12,000 for wharfs and floats and \$7,000 for parks for a total of \$25,000.

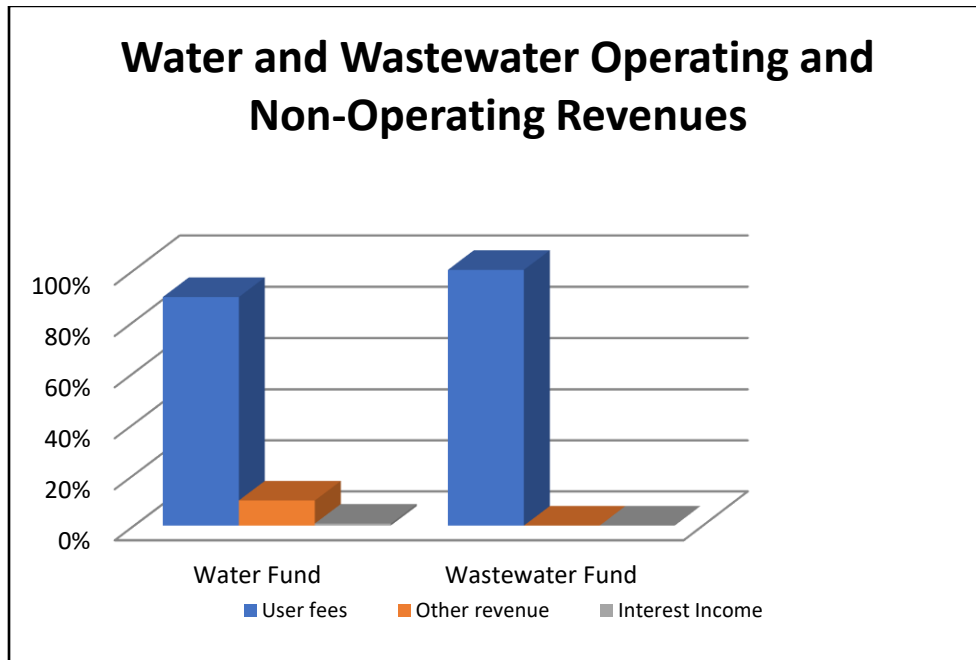
Current year expenditures in the general fund were made up of the following:



Management's Discussion and Analysis

Northport Village Corporation

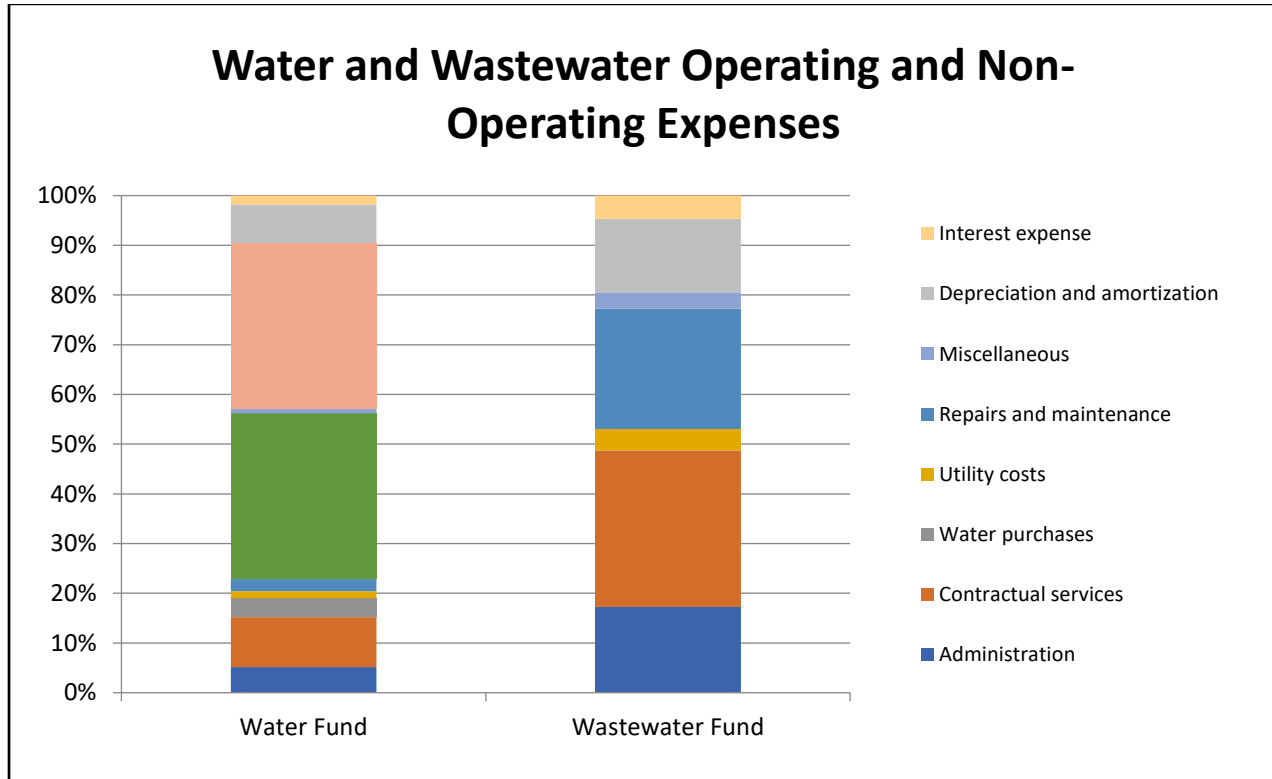
Operating and non-operating revenues in the Water and Wastewater funds were made up of the following:



Management’s Discussion and Analysis

Northport Village Corporation

Operating and non-operating expenses in the Water and Wastewater funds were made up of the following:



Capital Assets

At year-end, the Corporation had \$7,023,342 in net capital assets compared to \$7,150,874 last year. Below is a breakdown of capital assets between governmental activities and business-type activities.

	<u>2023</u>	<u>2022</u>
Governmental Activities		
General Fund	\$ 3,496,612	\$ 3,564,137
Total Governmental Activities	<u>\$ 3,496,612</u>	<u>\$ 3,564,137</u>
Business-type Activities		
Water	\$ 2,090,856	\$ 2,120,135
Wastewater	1,435,874	1,466,602
Total Business-type Activities	<u>3,526,730</u>	<u>3,586,737</u>
Total Net Capital Assets	<u>\$ 7,023,342</u>	<u>\$ 7,150,874</u>

Management’s Discussion and Analysis

Northport Village Corporation

Long Term Liabilities

At year-end, the Corporation had \$2,182,191 in outstanding bonds compared to \$2,329,669 last year. Below is a breakdown of outstanding bonds between governmental activities and business-type activities:

	<u>2023</u>	<u>2022</u>
Governmental Activities		
General Fund	\$ 1,642,590	\$ 1,746,750
Total Governmental Activities	<u>1,642,590</u>	<u>1,746,750</u>
Business-type Activities		
Water	262,553	283,443
Wastewater	277,048	299,476
Total Business-type Activities	<u>539,601</u>	<u>582,919</u>
Total Outstanding Bonds	<u>\$ 2,182,191</u>	<u>\$ 2,329,669</u>

Bonds set to retire in the short term include the 2009 MMBB Bond and 2015 BHBT Bond in 2024 and 2025, respectively.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Corporation's office at (207) 338-0751 and ask for the Corporation's Treasurer. Citizens are welcome to visit with the appropriate staff on any financial matters.

Statement of Net Position

Northport Village Corporation

As of December 31, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 311,336	\$ 277,909	\$ 589,245
Restricted cash	-	43,673	43,673
Accounts receivable	-	19,292	19,292
Taxes receivable	30,862	-	30,862
Tax liens	2,394	-	2,394
Internal balances	30,336	(30,336)	-
Capital assets, net of accumulated depreciation	<u>3,496,612</u>	<u>3,526,730</u>	<u>7,023,342</u>
Total Assets	3,871,540	3,837,268	7,708,808
Liabilities			
Accounts payable	44,758	10,968	55,726
Accrued expenses	4,374	2,169	6,543
Accrued interest	7,300	4,100	11,400
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	105,758	44,677	150,435
Portion due or payable after one year:			
Bonds payable	<u>1,536,832</u>	<u>494,924</u>	<u>2,031,756</u>
Total Liabilities	<u>1,699,022</u>	<u>556,838</u>	<u>2,255,860</u>
Net Position			
Net investment in capital assets	1,854,022	2,987,129	4,841,151
Restricted, expendable	-	43,673	43,673
Unrestricted	<u>318,496</u>	<u>249,628</u>	<u>568,124</u>
Total Net Position	<u>\$ 2,172,518</u>	<u>\$ 3,280,430</u>	<u>\$ 5,452,948</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Activities

Northport Village Corporation

For the Year Ended December 31, 2023

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental Activities:							
General government	\$ 235,901	\$ -	\$ -	\$ (235,901)		\$ (235,901)	
Protection and safety	25,292	-	-	(25,292)		(25,292)	
Roads and storm drains	35,650	-	-	(35,650)		(35,650)	
Community	58,763	-	-	(58,763)		(58,763)	
Miscellaneous	5,212	-	-	(5,212)		(5,212)	
Interest on long-term debt	44,028	-	-	(44,028)		(44,028)	
	<u>404,846</u>	<u>-</u>	<u>-</u>	<u>(404,846)</u>		<u>(404,846)</u>	
Business-type Activities:							
Water services	203,784	176,458	19,404		\$ (7,922)	(7,922)	
Wastewater services	208,089	272,100	-		64,011	64,011	
	<u>411,873</u>	<u>448,558</u>	<u>19,404</u>		<u>56,089</u>	<u>56,089</u>	
	<u>\$ 816,719</u>	<u>\$ 448,558</u>	<u>\$ 19,404</u>	<u>(404,846)</u>	<u>56,089</u>	<u>(348,757)</u>	
General Revenues:							
Property taxes				439,366	-	439,366	
Town appropriations				25,000	-	25,000	
Interest income				690	1,614	2,304	
Miscellaneous				9,325	-	9,325	
Total General Revenues and Transfers				<u>474,381</u>	<u>1,614</u>	<u>475,995</u>	
				Change in Net Position	69,535	57,703	127,238
				Net position at beginning of year	<u>2,102,983</u>	<u>3,222,727</u>	<u>5,325,710</u>
				Net Position at End of Year	<u>\$ 2,172,518</u>	<u>\$ 3,280,430</u>	<u>\$ 5,452,948</u>

See accompanying independent auditors' report and notes to financial statements.

Balance Sheet - Governmental Funds

Northport Village Corporation

As of December 31, 2023

	General Fund
Assets	
Cash	\$ 311,336
Taxes receivable	30,862
Tax liens	2,394
Due from other funds	<u>30,336</u>
Total Assets	\$ <u>374,928</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances	
Liabilities	
Accounts payable	\$ 44,758
Accrued expenses	<u>4,374</u>
Total Liabilities	49,132
Deferred Inflows of Resources	
Unavailable revenue - property taxes	<u>23,000</u>
Total Deferred Inflows of Resources	23,000
Fund Balances	
Unassigned	<u>302,796</u>
Total Fund Balances	<u>302,796</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>374,928</u>

See accompanying independent auditors' report and notes to financial statements.

**Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position**

Northport Village Corporation

As of December 31, 2023

Total Fund Balances - Governmental Funds \$ 302,796

Amounts reported for governmental activities in the Statement of
Net Position are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported as assets in governmental
funds. The cost of capital assets, net of accumulated depreciation is: 3,496,612

Property tax revenues are presented on the modified accrual basis
of accounting in the governmental funds but in the Statement of
Activities, property tax revenue is reported under the accrual method.
The balance in unavailable revenue - property taxes in the
governmental funds as a deferred inflow is: 23,000

Long-term liabilities are not due and payable in the current period
and therefore are not reported as liabilities in the funds. Long-term
and related liabilities at year-end consist of:

Bonds payable	\$ (1,642,590)	
Accrued interest payable	<u>(7,300)</u>	
		<u>(1,649,890)</u>

Total Net Position - Governmental Activities \$ 2,172,518

See accompanying independent auditors' report and notes to financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds**

Northport Village Corporation

For the Year Ended December 31, 2023

	<u>General Fund</u>
Revenues	
Property taxes	\$ 431,366
Town appropriation	25,000
Miscellaneous	<u>10,015</u>
Total Revenues	466,381
Expenditures	
Current	
General government	168,376
Protection and safety	25,292
Roads and storm drains	35,650
Community	58,763
Miscellaneous	5,212
Debt service - principal	104,160
- interest	<u>44,428</u>
Total Expenditures	<u>441,881</u>
Revenues Over Expenditures	24,500
Fund balance at beginning of year	<u>278,296</u>
Fund Balance at End of Year	<u><u>\$ 302,796</u></u>

See accompanying independent auditors' report and notes to financial statements.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Northport Village Corporation

As of December 31, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 24,500

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions differed from depreciation expense in the current period: (67,525)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Proceeds from borrowing provide current resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. This is the amount for repayment of long-term debt in the current period: 104,160

Property tax revenues are presented on the modified accrual basis of accounting in the governmental funds but in the Statement of Activities, property tax revenue is reported under the accrual method. The current year change in unavailable revenue - property tax revenue reported in the governmental funds and not in the Statement of Activities is: 8,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:
Change in accrued interest payable 400

Change in Net Position of Governmental Activities \$ 69,535

See accompanying independent auditors' report and notes to financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Budgetary Basis)**

Northport Village Corporation

For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u> Positive (Negative)
Revenues				
Property taxes	\$ 406,440	\$ 406,440	\$ 431,366	\$ 24,926
Town appropriation	25,000	25,000	25,000	-
Miscellaneous	7,700	7,700	10,015	2,315
Total Revenues	439,140	439,140	466,381	27,241
Expenditures				
Current				
General government	141,431	141,431	168,376	(26,945)
Protection and safety	33,470	33,470	25,292	8,178
Roads and storm drains	37,000	37,000	35,650	1,350
Community	87,286	87,286	58,763	28,523
Miscellaneous	6,350	6,350	5,212	1,138
Debt service - principal	102,882	102,882	104,160	(1,278)
- interest	20,708	20,708	44,428	(23,720)
Capital outlay	10,000	10,000	-	10,000
Total Expenditures	439,127	439,127	441,881	(2,754)
Revenues Over Expenditures	\$ 13	\$ 13	24,500	\$ 24,487
Budgetary fund balance at beginning of year			<u>278,296</u>	
Budgetary Fund Balance at End of Year			<u><u>\$ 302,796</u></u>	

See accompanying independent auditors' report and notes to financial statements.

Statement of Net Position
Proprietary Funds - Business-type Activities - Enterprise Funds

Northport Village Corporation

As of December 31, 2023

	Water Fund	Wastewater Fund	Total
Assets			
Current Assets			
Cash	\$ 185,342	\$ 92,567	\$ 277,909
Restricted cash	-	43,673	43,673
Due from other funds	32	350	382
Interfund loan receivable	79,198	-	79,198
Accounts receivable	8,171	11,121	19,292
Total Current Assets	<u>272,743</u>	<u>147,711</u>	<u>420,454</u>
Other Assets			
Property, plant and equipment, net	2,090,856	1,435,874	3,526,730
Total Other Assets	<u>2,090,856</u>	<u>1,435,874</u>	<u>3,526,730</u>
Total Assets	2,363,599	1,583,585	3,947,184
Liabilities			
Current Liabilities			
Accounts payable	1,623	9,345	10,968
Accrued interest	1,800	2,300	4,100
Accrued expenses	890	1,279	2,169
Due to other funds	21,976	8,742	30,718
Current portion of interfund loan payable	-	17,775	17,775
Current portion of long-term debt	21,541	23,136	44,677
Total Current Liabilities	<u>47,830</u>	<u>62,577</u>	<u>110,407</u>
Long-Term Liabilities			
Interfund loan payable, less current portion	-	61,423	61,423
Long-term debt, less current portion	241,012	253,912	494,924
Total Long-Term Liabilities	<u>241,012</u>	<u>315,335</u>	<u>556,347</u>
Total Liabilities	288,842	377,912	666,754
Net Position			
Net investment in capital assets	1,828,303	1,158,826	2,987,129
Restricted, expendable	-	43,673	43,673
Unrestricted:			
Water reserve	244,454	-	244,454
Wastewater reserve	-	1,174	1,174
Village truck	2,000	2,000	4,000
Total Net Position	<u>\$ 2,074,757</u>	<u>\$ 1,205,673</u>	<u>\$ 3,280,430</u>

See accompanying independent auditors' report and notes to financial statements.

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds - Business-type Activities - Enterprise Funds**

Northport Village Corporation

For the Year Ended December 31, 2023

	Water Fund	Wastewater Fund	Total
Operating Revenues			
User fees	\$ 176,458	\$ 272,100	\$ 448,558
Other revenue	19,404	-	19,404
Total Operating Revenues	<u>195,862</u>	<u>272,100</u>	<u>467,962</u>
Operating Expenses			
Administration	31,362	35,875	67,237
Contractual services	61,377	65,575	126,952
Water purchases	23,236	-	23,236
Utility costs	8,968	8,924	17,892
Repairs and maintenance	14,774	50,403	65,177
Miscellaneous	5,713	6,860	12,573
Depreciation	47,183	30,728	77,911
Total Operating Expenses	<u>192,613</u>	<u>198,365</u>	<u>390,978</u>
Net Operating Income	3,249	73,735	76,984
Non-Operating Revenues (Expenses)			
Interest income	1,553	61	1,614
Interest expense	(11,171)	(9,724)	(20,895)
Net Non-Operating Expenses	<u>(9,618)</u>	<u>(9,663)</u>	<u>(19,281)</u>
Change in Net Position	(6,369)	64,072	57,703
Net position at beginning of the year	<u>2,081,126</u>	<u>1,141,601</u>	<u>3,222,727</u>
Net Position at End of Year	<u>\$ 2,074,757</u>	<u>\$ 1,205,673</u>	<u>\$ 3,280,430</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Cash Flows
Proprietary Funds - Business-type Activities - Enterprise Funds

Northport Village Corporation

For the Year Ended December 31, 2023

	Water Fund	Wastewater Fund	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 177,053	\$ 268,487	\$ 445,540
Receipts from other sources	19,404	-	19,404
Payments to suppliers	(127,733)	(192,659)	(320,392)
Payments to employees	(46,606)	(57,282)	(103,888)
Net Cash Provided by Operating Activities	<u>22,118</u>	<u>18,546</u>	<u>40,664</u>
Cash Flows from Capital and Related Financing Activities			
Purchases of capital assets	(17,904)	-	(17,904)
Interfund loan	(79,198)	79,198	-
Principal payments on long-term debt	(20,890)	(22,428)	(43,318)
Interest payments	(11,371)	(10,024)	(21,395)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(129,363)</u>	<u>46,746</u>	<u>(82,617)</u>
Cash Flows from Investing Activities			
Interest income	<u>1,553</u>	<u>61</u>	<u>1,614</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(105,692)</u>	<u>65,353</u>	<u>(40,339)</u>
Cash and cash equivalents at beginning of year	<u>291,034</u>	<u>70,887</u>	<u>361,921</u>
Cash and Cash Equivalents at End of Year	<u>\$ 185,342</u>	<u>\$ 136,240</u>	<u>\$ 321,582</u>
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities:			
Operating income	\$ 3,249	\$ 73,735	\$ 76,984
Adjustment to reconcile changes in operating income to net cash provided by operating activities:			
Depreciation	47,183	30,728	77,911
(Increase) Decrease in operating assets:			
Accounts receivable	596	(3,614)	(3,018)
Increase (Decrease) in operating liabilities:			
Accounts payable	1,562	460	2,022
Due to other funds	(30,472)	(82,763)	(113,235)
Net Cash Provided by Operating Activities	<u>\$ 22,118</u>	<u>\$ 18,546</u>	<u>\$ 40,664</u>
Supplemental Disclosure of Cash Flow Information			
Interest paid	<u>\$ 11,371</u>	<u>\$ 10,024</u>	<u>\$ 21,395</u>

See accompanying independent auditors' report and notes to financial statements.

Notes to Financial Statements

Northport Village Corporation

Note A - Summary of Significant Accounting Policies

The Northport Village Corporation (the “Corporation”) was incorporated on March 29, 1915 and given the authority to raise money for the operation and maintenance of the Corporation as set forth under the provisions of the State of Maine. The Corporation operates as a village corporation under a Council-Committee form of government and provides the following services to its property owners and residents: public safety (police), streetlights, streets, sanitation, culture-recreation, and general administrative services. The accounting policies of the Corporation conform to United States generally accepted accounting principles (GAAP). The Corporation applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant accounting policies established in GAAP and used by the Corporation are discussed below.

Principles Determining Scope of Reporting Entity

The basic financial statements include the accounts of all Corporation operations. The criteria for including organizations as component units within the Corporation's reporting entity, as set forth in GAAP include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Corporation holds the corporate powers of the organization
- the Corporation appoints a voting majority of the organization's board
- the Corporation is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Corporation
- there is fiscal dependency by the organization on the Corporation

Based on the aforementioned criteria, the Northport Village Corporation has no component units.

Basis of Presentation

Government-wide Financial Statements

The statement of net position and statement of activities report information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Corporation does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Notes to Financial Statements

Northport Village Corporation

Note A - Summary of Significant Accounting Policies - Continued

Basis of Presentation - Continued

Government-wide Financial Statements - Continued

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

Governmental Activities

Governmental funds are identified as either general, special revenue, capital projects, or permanent funds based upon the following guidelines.

The *General Fund* is the operating fund of the Corporation and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary (Business-type) Activities

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Corporation's proprietary funds are charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, then unrestricted resources as they are needed.

Notes to Financial Statements

Northport Village Corporation

Note A - Summary of Significant Accounting Policies - Continued

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

Governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Cash and Cash Equivalents

The Corporation's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Certain prior year amounts have been reclassified for comparative purposes in the accompanying statement of cash flows.

Accounts Receivable

Accounts receivable represents amounts due to the Corporation for user fees. The allowance for doubtful accounts is provided based on an analysis by management of the collectability of outstanding balances. Management considers the age of outstanding balances and the credit worthiness of customers in determining the allowance for doubtful accounts. Management has determined an allowance for doubtful accounts is not necessary at December 31, 2023.

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase.

Notes to Financial Statements

Northport Village Corporation

Note A - Summary of Significant Accounting Policies - Continued

Capital Assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line method. Estimated useful lives are as follows: land improvements, 40 years; buildings and improvements, 40 years; and infrastructure, 25 years.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

Budget

The Northport Village Corporation's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

- Early in the first half of the last fiscal year for the General Fund and in the second half of the last fiscal year for the Water and Wastewater Funds, the Corporation prepared a budget for this fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
- A vote of the inhabitants of the Northport Village Corporation was then called for the purpose of approving the proposed budget after public notice of the meeting was given.
- The budget was adopted subsequent to passage by the inhabitants of the Corporation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Notes to Financial Statements

Northport Village Corporation

Note A - Summary of Significant Accounting Policies - Continued

Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund loan receivables and payables as appropriate and are subject to elimination upon consolidation in the government-wide presentation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. The due to/from other funds balances are subject to elimination upon consolidation in the government-wide presentation. All interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

In addition to liabilities, the governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement section represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government only has one type of item, unavailable revenue from property taxes, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Notes to Financial Statements

Northport Village Corporation

Note A - Summary of Significant Accounting Policies - Continued

Government-wide Fund Net Position

Government-wide net positions are divided into three components:

Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net position - consist of net assets that are restricted by the Corporation's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted - All other net assets are reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted - resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed through constitutional provisions or enabling legislation.

Committed - resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned - resources neither restricted nor committed for which a government has a stated intended use as established by the Board of Overseers or a body or official to which the Board of Overseers has designated the authority to assign amounts for specific purposes.

Unassigned - resources which cannot be properly classified in one of the other four categories.

Use of Restricted Resources

The Corporation has no formal fund balance policy. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

Revenue Recognition - Property Taxes

The Corporation's property tax for the current year was levied August 1, 2023, on the assessed value listed as of April 1, 2023, for all real and personal property located in the Corporation. Taxes were due September 1, 2023. Interest on unpaid taxes commenced on September 2, 2023, at 8% per annum.

Notes to Financial Statements

Northport Village Corporation

Note A - Summary of Significant Accounting Policies - Continued

Revenue Recognition - Property Taxes - Continued

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as unavailable revenue from property taxes.

The Corporation is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$13 for the year ended December 31, 2023.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Corporation has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Note B - Cash

The Corporation conducts all its banking transactions with its depository banks.

Custodial Credit Risk - Deposits

At December 31, 2023, the carrying amount of the Corporation's deposits was \$632,918 and the bank balance was \$597,151. The difference between these balances relates to deposits in transit, outstanding checks and cash on hand at year-end.

Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. The Corporation has a deposit policy on custodial credit risk. At December 31, 2023, none of the Corporation's bank balance of \$597,151 was exposed to credit risk.

Restricted Cash

As a condition of the Corporation's debt with the United States Department of Agriculture - Rural Development, the Corporation maintains a cash account specifically established as a reserve for the replacement of short-lived assets. The required reserve balance at December 31, 2023 was \$43,673 and the cash balance was \$86,028.

Notes to Financial Statements

Northport Village Corporation

Note C - Capital Assets

A summary of capital asset transactions for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land and easements	\$ 1,333,067	\$ -	\$ -	\$ 1,333,067
Depreciable Assets:				
Land improvements	34,107	-	-	34,107
Buildings and improvements	138,077	-	-	138,077
Wharf	484,574	-	-	484,574
Office equipment	590	-	-	590
Vehicles	31,347	-	-	31,347
Infrastructure	<u>2,198,663</u>	<u>-</u>	<u>-</u>	<u>2,198,663</u>
Totals at historical cost	4,220,425	-	-	4,220,425
Less Accumulated Depreciation:				
Land improvements	1,165	853	-	2,018
Buildings and improvements	77,158	2,643	-	79,801
Wharf	205,224	11,918	-	217,142
Office equipment	590	-	-	590
Vehicles	17,431	5,189	-	22,620
Infrastructure	<u>354,720</u>	<u>46,922</u>	<u>-</u>	<u>401,642</u>
Total accumulated depreciation	<u>656,288</u>	<u>67,525</u>	<u>-</u>	<u>723,813</u>
Capital Assets, Net	<u>\$ 3,564,137</u>	<u>\$ (67,525)</u>	<u>\$ -</u>	<u>\$ 3,496,612</u>

Notes to Financial Statements

Northport Village Corporation

Note C - Capital Assets - Continued

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Business-type Activities:				
Depreciable Assets:				
Water main and equipment	\$ 2,916,624	\$ 17,904	\$ -	\$ 2,934,528
Sewer main and equipment	2,596,672	-	-	2,596,672
Vehicles	<u>25,946</u>	<u>-</u>	<u>-</u>	<u>25,946</u>
Total depreciable assets	5,539,242	17,904	-	5,557,146
Less Accumulated Depreciation:				
Water main and equipment	803,447	44,589	-	848,036
Sewer main and equipment	1,137,028	28,134	-	1,165,162
Vehicles	<u>12,030</u>	<u>5,188</u>	<u>-</u>	<u>17,218</u>
Total accumulated depreciation	<u>1,952,505</u>	<u>77,911</u>	<u>-</u>	<u>2,030,416</u>
Capital Assets, Net	<u>\$ 3,586,737</u>	<u>\$ (60,007)</u>	<u>\$ -</u>	<u>\$ 3,526,730</u>

Depreciation expense was charged to the following functions:

Governmental activities:

General government \$ 67,525

Business-type activities:

Water \$ 47,183

Sewer 30,728

Total business-type activities depreciation expense \$ 77,911

Notes to Financial Statements

Northport Village Corporation

Note D - Interfund Receivables and Payables

Interfund balances at December 31, 2023, consisted of the following individual fund receivables and payables:

	<u>Receivables</u> <u>Due from</u>	<u>Payables</u> <u>Due to</u>	<u>Net Internal</u> <u>Balances</u>
Governmental Activities			
General Fund:			
Enterprise Fund:			
Wastewater	\$ 8,710	\$ -	
Water	<u>21,626</u>	<u>-</u>	
Net Governmental Activities	30,336	-	\$ 30,336
Business-type Activities			
Enterprise Funds:			
Wastewater:			
General Fund	-	(8,710)	
Water	350	(32)	
Water interfund loan	-	(79,198)	
Water:			
General Fund	-	(21,626)	
Wastewater	32	(350)	
Wastewater interfund loan	<u>79,198</u>	<u>-</u>	
Net Business-type Activities	<u>79,580</u>	<u>(109,916)</u>	<u>(30,336)</u>
	<u>\$ 109,916</u>	<u>\$ (109,916)</u>	<u>\$ -</u>

Included in the interfund receivable and payable transactions between the Water Fund and Wastewater Fund is a loan from the Water Fund to the Wastewater Fund of \$96,000 during 2023, due in quarterly installments of \$5,209, which includes interest at 4%, due through March 2028. The ending balance for the loan as of December 31, 2023 is \$79,198.

The annual requirements to amortize the loan payable are as follows:

Year ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 17,775	\$ 3,061	\$ 20,836
2025	18,497	2,339	20,836
2026	19,248	1,588	20,836
2027	20,030	806	20,836
2028	<u>3,648</u>	<u>100</u>	<u>3,748</u>
	<u>\$ 79,198</u>	<u>\$ 7,894</u>	<u>\$ 87,092</u>

Notes to Financial Statements

Northport Village Corporation

Note E - Bonds Payable

Long-term liability activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
General obligation debt	\$ <u>1,746,750</u>	\$ <u>-</u>	\$ <u>104,160</u>	\$ <u>1,642,590</u>	\$ <u>105,758</u>
Business-type Activities:					
General obligation debt	\$ <u>582,919</u>	\$ <u>-</u>	\$ <u>43,318</u>	\$ <u>539,601</u>	\$ <u>44,677</u>

The following is a summary of debt outstanding at December 31, 2023:

	<u>Governmental</u>	<u>Business-type</u>
\$100,000 - 2008 Sewer Bond with Maine Municipal Bond Bank. Due in annual principal installments ranging from \$3,483 to \$7,317 and semi-annual interest installments at interest rates ranging from 2.1% to 5.5% through October 2028.	\$ -	\$ 33,263
\$400,000 - 2009 Municipal Bond with Maine Municipal Bond Bank. Due in annual principal installments ranging from \$20,293 to \$33,984 and semi-annual interest installments at rates ranging from 2.08% to 5.58% through November 2024.	33,984	-
\$159,874 - 2012 Sewer Bond with USDA Rural Development. Due in annual installments of \$7,513 which include interest at 2% through 2040.	-	107,360
\$813,369 - 2013 Municipal Bond with Maine Municipal Bond Bank. Due in annual installments of \$58,656 and semi-annual interest installments at interest ranging from 0.45% to 4.57% through November 2033.	68,736	398,978
\$198,000 - 2015 general obligation bond with Bar Harbor Bank & Trust. Due in annual installments of \$22,065 which includes interest at 1.99% through 2025.	42,441	-

Notes to Financial Statements

Northport Village Corporation

Note E - Bonds Payable - Continued

	<u>Governmental</u>	<u>Business-type</u>
\$1,586,248 - 2021 general obligation bond with Maine Municipal Bond Bank. Due in annual principal installments ranging from \$44,436 to \$80,237 with semi-interest installments at a rate of 0.61% to 3.49% through November 2049.	1,497,429	-
	<u>\$ 1,642,590</u>	<u>\$ 539,601</u>

The annual requirements to amortize debt payable are as follows:

<u>Year ending December 31,</u>	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 105,758	\$ 42,830	\$ 44,677	\$ 20,113	\$ 213,378
2025	72,272	41,169	46,174	18,586	178,201
2026	51,715	40,118	47,838	16,891	156,562
2027	52,441	39,392	49,641	15,193	156,667
2028	53,298	38,535	51,602	13,240	156,675
2029-2033	281,285	176,460	251,063	37,211	746,019
2034-2038	271,842	143,335	34,039	3,526	452,742
2039-2043	311,016	104,158	14,567	438	430,179
2044-2048	362,728	52,483	-	-	415,211
2049	80,235	2,797	-	-	83,032
	<u>\$ 1,642,590</u>	<u>\$ 681,277</u>	<u>\$ 539,601</u>	<u>\$ 125,198</u>	<u>\$ 2,988,666</u>

Note F - Risk Management

The Corporation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Corporation either carries commercial insurance, or is effectively self-insured. Currently, the Corporation carries commercial insurance for any risks of loss to which it may be exposed.

Based on the coverage provided by commercial insurance purchased, the Corporation is not aware of any material actual or potential claim liabilities which should be recorded at December 31, 2023.

Notes to Financial Statements

Northport Village Corporation

Note G - Commitments

The Corporation has an agreement to purchase water from the Belfast Water Corporation, which is the Corporation's sole source of water. The agreement extends for an indefinite period. Costs incurred under the agreement are based upon a rate of \$0.25 per 100 gallons of water with annual usage of approximately 8.1 million gallons per year. Approximately \$23,200 was paid under this agreement during 2023.

The Corporation has an agreement with an independent contractor to provide property maintenance and lawn care services for the period November 2022 through October 2025. The Corporation has another agreement with an independent contractor to provide curbside trash and recycling pickup for the period September 2023 through September 2026. Under these contracts, the Corporation made payments totaling \$18,550 during the year ended December 31, 2023.

Future payments under this contract is as follows:

<u>Year ending December 31</u>	
2024	\$ 36,550
2025	36,550
2026	<u>18,000</u>
	<u>\$ 91,100</u>

Note H - Restricted Net Position

At December 31, 2023 restricted net position consisted of the following:

USDA maintenance reserve	<u>\$ 43,673</u>
--------------------------	------------------

The balance is expendable within its designated constraint.

Note I - Expenditures Over Appropriation

The following appropriations were exceeded by actual expenditures:

General government	\$ 26,945
Debt service	24,998

Notes to Financial Statements

Northport Village Corporation

Note J - Subsequent Event

Subsequent to year-end, the Corporation entered into two grant agreements with the Maine Department of Environmental Protection. As a condition for receiving grant funding, the Corporation entered into two loan agreements with the Maine Municipal Bond Bank totaling \$45,000. The first loan, in the amount of \$20,000, is designated to fund the completion of the Wastewater Fiscal Sustainability Plan, while the second loan, in the amount of \$25,000, is designated to fund the Wastewater Climate Adaptation Plan. Upon the successful completion of these plans, the Maine Department of Environmental Protection will authorize forgiveness of the outstanding principal balances of the loans, paying them in full on behalf of the Corporation.

Schedule of Departmental Expenditures (1 of 2)

Northport Village Corporation

For the Year Ended December 31, 2023

	Budget	Actual	Variance Positive (Negative)
Expenditures			
General Government:			
Village Officials	\$ 650	\$ 2,894	\$ (2,244)
Payroll processing	2,200	1,718	482
Village Agent	37,960	37,563	397
Office personnel	25,309	15,890	9,419
Winter roads wages	-	9,278	(9,278)
Tax Collector	8,225	10,549	(2,324)
Professional services	10,307	23,925	(13,618)
Legal	2,500	-	2,500
Building and utilities	11,901	16,877	(4,976)
Insurance and bonds	8,495	8,514	(19)
MMA membership	231.00	625	(394)
Office expense	4,050	4,584	(534)
Payroll taxes	5,500	6,748	(1,248)
Miscellaneous	24,103	29,211	(5,108)
Total General Government	<u>141,431</u>	<u>168,376</u>	<u>(26,945)</u>
Protection and Safety:			
Police	18,870	12,615	6,255
Hydrant rentals	5,600	3,747	1,853
Lifeguards	8,850	7,357	1,493
Protection and safety - other	150	1,573	(1,423)
Total Protection and Safety	<u>33,470</u>	<u>25,292</u>	<u>8,178</u>
Roads and Storm Drains:			
Road maintenance	37,000	35,650	1,350
Total Roads and Storm Drains	<u>37,000</u>	<u>35,650</u>	<u>1,350</u>

See accompanying independent auditors' report.

Schedule of Departmental Expenditures (2 of 2)

Northport Village Corporation

For the Year Ended December 31, 2023

	Budget	Actual	Variance Positive (Negative)
Community:			
Library	\$ 400	\$ 469	\$ (69)
Community events	600	224	376
Information	3,250	1,792	1,458
Trash collection	22,500	24,806	(2,306)
Wharfs/Floats	41,000	18,922	22,078
Tree service	19,536	12,550	6,986
Total Community	<u>87,286</u>	<u>58,763</u>	<u>28,523</u>
Miscellaneous:			
Truck replacement	6,350	5,212	1,138
Total Miscellaneous	<u>6,350</u>	<u>5,212</u>	<u>1,138</u>
Debt Service:			
Principal	102,882	104,160	(1,278)
Interest	20,708	44,428	(23,720)
Total Debt Service	<u>123,590</u>	<u>148,588</u>	<u>(24,998)</u>
Capital outlay	10,000	-	10,000
Total Capital Outlay	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Departmental Expenditures	<u>\$ 439,127</u>	<u>\$ 441,881</u>	<u>\$ (2,754)</u>

See accompanying independent auditors' report.

Schedule of Valuation, Assessment and Collection of Taxes

Northport Village Corporation

For the Year Ended December 31, 2023

Valuation

Real estate \$ 96,613,200

Total Valuation \$ 96,613,200

Assessment

Valuation x Rate $\$96,613,200 \times .004775$ \$ 461,328

Cash collections (430,466)

2023 Taxes Receivable - December 31, 2023 \$ 30,862

See accompanying independent auditors' report.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

**To the Board of Overseers
Northport Village Corporation
Northport, Maine**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Northport Village Corporation, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated February 26, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control, described below as item 2023-001 and 2023-002, that we consider to be significant deficiencies.

Item 2023 - 001: Timely Reconciliation of the Corporation's Accounting Records

Condition and Context: There was a delay in the ability and timing of reconciling certain accounts in the current year.

Criteria: The timely reconciliation of accounts provides for accurate and timely information in which decisions can be made.

Cause: Due to unreconciled accounts and taking a significant amount of time for them to get reconciled in a prior year, the subsequent years were not being reconciled in a timely manner.

Effect: When activity and accounts are not recorded and reconciled timely, management and governance lack accurate and timely information upon which to make its decisions.

Recommendation: We recommend that reconciliations be performed monthly and any variances should be investigated immediately.

Management's Response: Management realizes the importance of timely reconciliations and has contracted with a third party to maintain accounting records. The Corporation is in the process of getting financial records up to date.

Item 2023 - 002: Budget and Tax Commitment

Condition and Context: During the audit, we noted there was a variance of \$32,769 between the net assessment for the commitment and the total amount of taxes raised.

Criteria: The accurate calculation of taxes to be raised and billed.

Cause: An error in the calculation of the net assessment for the commitment was due to not having controls in place for review to correct any potential mistakes.

Effect: The result of these errors caused a variance in the tax calculation totaling \$32,769.

Recommendation: To avoid over or under taxation in the future, we recommend a review of appropriations and revenues be performed prior to signing the tax commitment. This review should include a traceable "paper trail" to support each number on the commitment.

Management's Response: Management has implemented a series of review steps to the budget and tax commitment letter before taxes are billed.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Corporation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Corporation's response to the findings identified in our audit and described previously. The Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purdy Pownall & Company

Professional Association

**Portland, Maine
February 26, 2025**